

December 24, 2009

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20511

***Re: Proposed Changes to Closed-End Mortgage Rules (Docket No. R-1366)***

Dear Sir or Madam:

Thank you for the opportunity to comment on the proposed rule amending Regulation Z with respect to closed-end mortgages. I am a branch manager working in Milford, CT and have been working in the mortgage business since my graduation of college in 1992. I have witnessed this industry from all different aspects over the past 19 years, from being a processor, underwriter, operations manager and currently a branch manager. That said, having witnessed first-hand the subprime mortgage meltdown, I agree that additional consumer protections in the residential mortgage loan process are needed. However, I have some concerns with the proposals regarding loan originator compensation and how this will affectively protect the consumer's best interest.

My employer is a small to mid-sized lending institution. Our customers often present unique or complex circumstances that make processing their loan applications time consuming and difficult. We spend a great deal of time on these applications to ensure that they get the extra attention they need and to make sure that the application process goes smoothly for our customers. This level of attention is often not available at large national lending institutions that take a more "one size fits all" approach and focus solely on volume and production.

In order for my loan officers to be compensated for the extra work that they put in on these loans, they sometimes need to charge the customer a higher fee or a higher rate. Often the borrower will prefer to pay a higher rate, either because they do not have additional funds to bring to closing or they are already at the maximum loan to value limit. The concept of charging clients differently based on the amount of time and effort being employed is nothing new to any industry.

If the proposed rule prevents my employer from paying adequate compensation for these loans, I fear my loan officers will be less inclined to take on the more complex loan applications. Instead, they will focus primarily on the straight-forward, conventional loan applications that are less time consuming. The unfortunate consequence of this change in focus will be to make it even harder for many deserving consumers to obtain a mortgage loan, particularly those in underserved communities and/or small business owners. Another consequence would be that the higher educated, more professional loan officers will exit the industry and work within one which they could be fairly compensated for their work and professionalism. This would not bode well for consumers, especially the first time homebuyers who may need a little more attention and education along the way.

If the Board adopts the proposed restrictions on loan originator compensation, the limits should apply only to the riskier products that were at the heart of the subprime meltdown. Because conventional prime loans do not create the same potential for abuse, the Board should exclude these loans from the restrictions on loan originator compensation and allow for pricing discretion in these loans.

Also, the new SAFE Act requirements for loan originators, including extensive background checks and rigorous testing and continuing education requirements will significantly curb the past abuses that precipitated this proposal. The Board should wait to allow the SAFE Act a chance to work before piling on additional and burdensome regulation on loan originators.

Once again, thank you for the opportunity to comment on the proposed rule.

Respectfully submitted,



William Dolbier

Milford, CT

bdolbier@gmail.com